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(Original Signature of Member)

117TH CONGRESS
2D SESSION

H. R. _____

To amend the Higher Education Act of 1965 to include notification and automatic enrollment procedures for borrowers who are delinquent on loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. BONAMICI introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Higher Education Act of 1965 to include notification and automatic enrollment procedures for borrowers who are delinquent on loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Streamlining Income-
5 driven, Manageable Payments on Loans for Education
6 Act” or the “Simple Act”.

1 **SEC. 2. NOTIFICATION AND AUTOMATIC ENROLLMENT**
2 **PROCEDURES FOR BORROWERS WHO ARE**
3 **DELINQUENT ON LOANS AND FOR BOR-**
4 **ROWERS WHO ARE REHABILITATING DE-**
5 **FAULTED LOANS.**

6 (a) AMENDMENTS.—

7 (1) NOTIFICATION AND AUTOMATIC ENROLL-
8 MENT PROCEDURES.—Section 455(d) of the Higher
9 Education Act of 1965 (20 U.S.C. 1087e(d)) is
10 amended by adding at the end the following:

11 “(6) NOTIFICATION AND AUTOMATIC ENROLL-
12 MENT PROCEDURES FOR BORROWERS WHO ARE DE-
13 LINQUENT ON LOANS.—

14 “(A) AUTHORITY TO OBTAIN INCOME IN-
15 FORMATION.—The Secretary shall establish and
16 implement, with respect to any borrower de-
17 scribed in subparagraph (B), procedures to—

18 “(i) use return information of the bor-
19 rower (and the borrower’s spouse, if appli-
20 cable) disclosed under section 6103(l)(13)
21 of the Internal Revenue Code of 1986, pur-
22 suant to approval provided under section
23 494, to determine the income and family
24 size of the borrower (and the borrower’s
25 spouse, if applicable) without further ac-
26 tion by the borrower;

1 “(ii) allow the borrower (or the spouse
2 of the borrower), at any time, to opt out
3 of disclosure under such section
4 6103(l)(13) and instead provide such infor-
5 mation as the Secretary may require to de-
6 termine the income and family size of the
7 borrower (and the borrower’s spouse, if ap-
8 plicable); and

9 “(iii) provide the borrower with an op-
10 portunity to update the return information
11 so disclosed before the determination of the
12 income and family size of the borrower for
13 purposes of this paragraph.

14 “(B) BORROWER NOTIFICATION.—With re-
15 spect to each borrower of a covered loan who is
16 at least 31 days delinquent on such loan and
17 who has not been subject to the procedures
18 under this paragraph for such loan in the pre-
19 ceding 120 days, the Secretary shall, as soon as
20 practicable after such 31-day delinquency, pro-
21 vide to the borrower the following:

22 “(i) Notification that the borrower is
23 at least 31 days delinquent on at least 1
24 covered loan, and a description of all delin-
25 quent covered loans, nondelinquent covered

1 loans, and noncovered loans of the bor-
2 rower.

3 “(ii) A brief description of the repay-
4 ment plans for which the borrower is eligi-
5 ble and the covered loans and noncovered
6 loans of the borrower that may be eligible
7 for such plans, based on information avail-
8 able to the Secretary.

9 “(iii) Clear and simple instructions on
10 how to select the repayment plans.

11 “(iv) In the case of a borrower of a
12 loan under section 428B, or a Federal Di-
13 rect PLUS Loan, that is made, insured, or
14 guaranteed on behalf of a dependent stu-
15 dent, an explanation that the borrower
16 may qualify for an income-driven repay-
17 ment plan if the borrower consolidates
18 such loan into a Federal Direct Consolida-
19 tion Loan, and the amount of the monthly
20 payment of such consolidation loan if the
21 borrower does so consolidate.

22 “(v) The amount of monthly pay-
23 ments for the covered and noncovered
24 loans under the repayment plans for which
25 the borrower is eligible, based on informa-

1 tion available to the Secretary, including, if
2 the income information of the borrower is
3 available to the Secretary under subpara-
4 graph (A)—

5 “(I) the amount of the monthly
6 payment under each income-driven re-
7 payment plan for which the borrower
8 is eligible for the borrower’s covered
9 and noncovered loans, based on such
10 income information; and

11 “(II) the income, family size, tax
12 filing status, and tax year information
13 on which each monthly payment is
14 based.

15 “(vi) An explanation that in the case
16 of a borrower for whom adjusted gross in-
17 come is unavailable—

18 “(I) if the borrower selects to
19 repay the covered loans of such bor-
20 rower pursuant to an income-driven
21 repayment plan that defines discre-
22 tionary income in such a manner that
23 an individual not required under sec-
24 tion 6012(a)(1) of the Internal Rev-
25 enue Code of 1986 to file a return

1 with respect to income taxes imposed
2 by subtitle A of such Code may have
3 a calculated monthly payment greater
4 than \$0, the borrower will be required
5 to provide the Secretary with other
6 documentation of income satisfactory
7 to the Secretary, which documentation
8 the Secretary may use to determine
9 an appropriate repayment schedule;
10 and

11 “(II) if the borrower selects to
12 repay such loans pursuant to an in-
13 come-driven repayment plan that is
14 not described in subclause (I), the
15 borrower will not be required to pro-
16 vide the Secretary with such other
17 documentation of income, and the bor-
18 rower will have a calculated monthly
19 payment of \$0.

20 “(vii) An explanation that the Sec-
21 retary shall take the actions under sub-
22 paragraph (C) with respect to such bor-
23 rower, if—

24 “(I) the borrower is 80 days de-
25 linquent on one or more covered loans

1 and has not selected a new repayment
2 plan for the covered loans of the bor-
3 rower; and

4 “(II) in the case of such a bor-
5 rower whose repayment plan for the
6 covered loans of the borrower is not
7 an income-driven repayment plan, the
8 monthly payments under such repay-
9 ment plan are higher than such
10 monthly payments would be under an
11 income-driven repayment plan for
12 such loans.

13 “(viii) Instructions on updating the
14 information of the borrower obtained under
15 subparagraph (A).

16 “(C) SECRETARY’S INITIAL SELECTION OF
17 PLAN.—With respect to each borrower de-
18 scribed in subparagraph (B) who has a repay-
19 ment plan for the covered loans of the borrower
20 that meets the requirements of clause (vi)(II) of
21 subparagraph (B) and has not selected a new
22 repayment plan for such loans in accordance
23 with the notice received under such subpara-
24 graph, and who is at least 80 days delinquent

1 on such a loan, the Secretary shall, as soon as
2 practicable—

3 “(i) in a case in which any of the bor-
4 rower’s covered loans are eligible for an in-
5 come-driven repayment plan—

6 “(I)(aa) provide the borrower
7 with the income-driven repayment
8 plan that requires the lowest monthly
9 payment amount for each covered loan
10 of the borrower, compared to any
11 other such plan for which the bor-
12 rower is eligible; or

13 “(bb) if more than one income-
14 driven repayment plan would offer the
15 borrower the same lowest monthly
16 payment amount, provide the bor-
17 rower with the income-driven repay-
18 ment plan that has the most favorable
19 terms for the borrower;

20 “(II) if the plan selected under
21 subclause (I) is not the income-driven
22 repayment plan that would have the
23 lowest monthly payment amount if the
24 borrower were eligible for such plan
25 for the borrower’s covered loans and

1 noncovered loans, notify the borrower
2 of the actions, if any, the borrower
3 may take to become eligible for such
4 income-driven repayment plan; and

5 “(III) authorize the borrower to
6 change the Secretary’s selection of a
7 plan under this clause to any plan de-
8 scribed in paragraph (1) for which the
9 borrower is eligible; and

10 “(ii) in a case in which none of the
11 borrower’s covered loans are eligible for an
12 income-driven repayment plan, notify the
13 borrower of the actions, if any, the bor-
14 rower may take for such loans to become
15 eligible for such a plan.

16 “(D) SECRETARY’S ADDITIONAL SELEC-
17 TION OF PLAN.—

18 “(i) IN GENERAL.—With respect to
19 each borrower of a covered loan who se-
20 lects a new repayment plan in accordance
21 with the notice received under subpara-
22 graph (B) and who continues to be delin-
23 quent on such loan for a period described
24 in clause (ii), the Secretary shall, as soon
25 as practicable after such period, carry out

1 the procedures described in clauses (i) and
2 (ii) of subparagraph (C) for the covered
3 loans of the borrower, if such procedures
4 would result in lower monthly repayment
5 amounts on such loan.

6 “(ii) DESCRIPTION OF PERIOD.—The
7 duration of the period described in clause
8 (i) shall be the amount of time that the
9 Secretary determines is sufficient to indi-
10 cate that the borrower may benefit from
11 repaying such loan under a new repayment
12 plan, but in no case shall such period be
13 less than 60 days.

14 “(7) NOTIFICATION AND AUTOMATIC ENROLL-
15 MENT PROCEDURES FOR BORROWERS WHO ARE RE-
16 HABILITATING DEFAULTED LOANS.—

17 “(A) AUTHORITY TO OBTAIN INCOME IN-
18 FORMATION.—The Secretary shall establish and
19 implement, with respect to any borrower who is
20 rehabilitating a covered loan pursuant to sec-
21 tion 428F(a), procedures to—

22 “(i) use return information of the bor-
23 rower (and the borrower’s spouse, if appli-
24 cable) disclosed section 6103(l)(13) of the
25 Internal Revenue Code of 1986, pursuant

1 to approval provided under section 494, to
2 obtain such information as is reasonably
3 necessary regarding the income and family
4 size of the borrower (and the borrower's
5 spouse, if applicable);

6 “(ii) allow the borrower (or the spouse
7 of the borrower), at any time, to opt out
8 of disclosure under such section
9 6103(l)(13) and instead provide such infor-
10 mation as the Secretary may require to ob-
11 tain such information; and

12 “(iii) provide the borrower with an op-
13 portunity to update the return information
14 so disclosed before the determination of in-
15 come and family size of the borrower (and
16 the borrower's spouse, if applicable) for
17 purposes of this paragraph.

18 “(B) BORROWER NOTIFICATION.—Not
19 later than 30 days after a borrower makes the
20 6th payment required for the loan rehabilitation
21 described in subparagraph (A), the Secretary
22 shall notify the borrower of the process under
23 subparagraph (C) with respect to such loan.

24 “(C) SECRETARY'S SELECTION OF PLAN.—
25 With respect to each borrower who has made

1 the 9th payment required for the loan rehabili-
2 tation described in subparagraph (A), the Sec-
3 retary shall, as soon as practicable after such
4 payment—

5 “(i) in a case in which any of the bor-
6 rower’s covered loans, without regard to
7 whether the loan has been so rehabilitated,
8 is eligible for an income-driven repayment
9 plan—

10 “(I)(aa) provide the borrower
11 with the income-driven repayment
12 plan that requires the lowest monthly
13 payment amount for each covered loan
14 of the borrower, compared to any
15 other such plan for which the bor-
16 rower is eligible; or

17 “(bb) if more than one income-
18 driven repayment plan would offer the
19 borrower the same lowest monthly
20 payment amount, provide the bor-
21 rower with the income-driven repay-
22 ment plan that has the most favorable
23 terms for the borrower; and

24 “(II) if the plan selected under
25 subclause (I) is not the income-driven

1 repayment plan that would have the
2 lowest monthly payment amount if the
3 borrower were eligible for such plan
4 for the borrower's covered loans and
5 noncovered loans, notify the borrower
6 of the actions, if any, the borrower
7 may take to become eligible for such
8 income-driven repayment plan; and

9 “(ii) in a case in which none of the
10 borrower's covered loans are eligible for an
11 income-driven repayment plan, notify the
12 borrower of the actions, if any, the bor-
13 rower may take for such a loan to become
14 eligible for such a plan.”.

15 (2) DEFINITIONS.—Section 455(d) of the High-
16 er Education Act of 1965 (20 U.S.C. 1087e(d)), as
17 amended by paragraph (1), is further amended by
18 adding at the end the following:

19 “(8) DEFINITIONS.—In this subsection:

20 “(A) COVERED LOAN.—The term ‘covered
21 loan’ means—

22 “(i) a loan made under this part;

23 “(ii) a loan purchased under section
24 459A; or

1 “(iii) a loan that has been assigned to
2 the Secretary under section 428(c)(8).

3 “(B) INCOME-DRIVEN REPAYMENT
4 PLAN.—The term ‘income-driven repayment
5 plan’ means a plan described in subparagraph
6 (D) or (E) of paragraph (1).

7 “(C) NONCOVERED LOAN.—The term
8 ‘noncovered loan’ means a loan made, insured,
9 or guaranteed under this title that is not a cov-
10 ered loan.”.

11 (3) AUTOMATIC RECERTIFICATION.—

12 (A) BORROWER FOR WHOM ADJUSTED
13 GROSS INCOME IS UNAVAILABLE.—Section
14 455(e)(8)(A) of the Higher Education Act of
15 1965 (20 U.S.C. 1087e(e)(8)(A)) is amended—

16 (i) by striking “and” at the end of
17 clause (ii);

18 (ii) by redesignating clause (iii) as
19 clause (iv);

20 (iii) in clause (iv) (as so redesign-
21 ated), by striking the period at the end
22 and inserting “; and”; and

23 (iv) by inserting after clause (ii), the
24 following:

1 “(iii) in the case of a borrower who
2 has selected to repay a covered loan (as de-
3 fined in subsection (d)(8)) pursuant to an
4 income contingent repayment plan that de-
5 fines discretionary income in such a man-
6 ner that the borrower would have a cal-
7 culated monthly payment equal to \$0, not
8 require the borrower to provide the Sec-
9 retary the information described in clause
10 (i) or (ii), and ensure that the borrower
11 will have a calculated monthly payment of
12 \$0; and”.

13 (B) INCLUSION OF COVERED LOANS.—Sec-
14 tion 455(e)(8)(B) of the Higher Education Act
15 of 1965 (20 U.S.C. 1087e(e)(8)(B)) is amended
16 by striking “a loan made under this part” and
17 inserting “a covered loan (as defined in sub-
18 section (d)(8))”.

19 (4) CHANGING PLANS.—Section 493C(b)(8) of
20 the Higher Education Act of 1965 (20 U.S.C.
21 1098e(b)(8)) is amended to read as follows:

22 “(8) a borrower who is repaying a loan made,
23 insured, or guaranteed under part B or D pursuant
24 to income-based repayment may elect, at any time,
25 to terminate repayment pursuant to income-based

1 repayment and repay such loan under any repay-
2 ment plan for which the loan is eligible in accord-
3 ance with the requirements of part B or part D, re-
4 spectively; and”.

5 (5) PROCEDURE AND REQUIREMENT FOR RE-
6 REQUESTING TAX RETURN INFORMATION FROM THE
7 IRS.—Section 494(a) of the Higher Education Act of
8 1965 (20 U.S.C. 1098h(a)) is amended—

9 (A) in paragraph (2)—

10 (i) in subparagraph (A), in the matter
11 preceding clause (i), by striking “a loan
12 under part D” and inserting “a covered
13 loan (as defined in section 455(d)(8))”;
14 and

15 (ii) in subparagraph (B), by striking
16 “a loan under part D” and inserting “a
17 covered loan (as defined in section
18 455(d)(8))”; and

19 (B) by adding at the end the following:

20 “(4) LOAN DELINQUENCY AND REHABILITA-
21 TION.—

22 “(A) BORROWERS DELINQUENT ON
23 LOANS.—In the case of an individual who is a
24 borrower of a covered loan and who is at least
25 31 days delinquent on such loan, the Secretary,

1 with respect to such individual and any spouse
2 of such individual, shall—

3 “(i) provide to such individuals the
4 notification described in paragraph
5 (1)(A)(i); and

6 “(ii) require, as a condition of eligi-
7 bility for the notification and automatic en-
8 rollment procedures for borrowers who are
9 delinquent on loans under section
10 455(d)(6), that such individuals—

11 “(I) affirmatively approve the
12 disclosure described in paragraph
13 (1)(A)(i) and agree that such approval
14 shall serve as an ongoing approval of
15 such disclosure until the date on
16 which the individual elects to opt out
17 of such disclosure under section
18 455(d)(6)(A)(ii); or

19 “(II) provide such information as
20 the Secretary may require to carry
21 out the procedures under section
22 455(d)(6) with respect to such indi-
23 vidual.

24 “(B) LOAN REHABILITATION.—In the case
25 of any written or electronic application by an

1 individual for the rehabilitation of a covered
2 loan pursuant to section 428F(a), the Sec-
3 retary, with respect to such individual and any
4 spouse of such individual, shall—

5 “(i) provide to such individuals the
6 notification described in paragraph
7 (1)(A)(i); and

8 “(ii) require, as a condition of eligi-
9 bility for loan rehabilitation pursuant to
10 section 428F(a), that such individuals—

11 “(I) affirmatively approve the
12 disclosure described in paragraph
13 (1)(A)(i) and agree that such approval
14 shall serve as an ongoing approval of
15 such disclosure until the date on
16 which the individual elects to opt out
17 of such disclosure under section
18 455(d)(7)(A)(ii); or

19 “(II) provide such information as
20 the Secretary may require to carry
21 out the procedures under section
22 455(d)(7) with respect to such indi-
23 vidual.

1 “(C) COVERED LOAN DEFINED.—In this
2 paragraph, the term ‘covered loan’ has the
3 meaning given the term in section 455(d)(8).”.

4 (b) SECURE DISCLOSURE OF TAX-RETURN INFORMA-
5 TION.—

6 (1) IN GENERAL.—Section 6103(l)(13) of the
7 Internal Revenue Code of 1986 is amended by redes-
8 ignating subparagraphs (D), (E), and (F) as para-
9 graphs (E), (F), and (G), respectively, and by in-
10 serting after subparagraph (C) the following new
11 subparagraph:

12 “(D) NOTIFICATION AND AUTOMATIC EN-
13 ROLLMENT FOR CERTAIN BORROWERS.—The
14 Secretary shall, upon written request from the
15 Secretary of Education, disclose to any author-
16 ized person, only for the purpose of (and to the
17 extent necessary in) carrying out paragraphs
18 (6) and (7) of section 455(d) of the Higher
19 Education Act of 1965, return information de-
20 scribed in clauses (i) through (vi) of subpara-
21 graph (A) from returns of an individual cer-
22 tified by the Secretary of Education as having
23 provided approval under section 494(a)(4) of
24 such Act (as in effect on the date of enactment
25 of this paragraph) for such disclosure.”.

1 (2) CONFORMING AMENDMENTS.—

2 (A) Section 6103(l)(13)(A) of the Internal
3 Revenue Code of 1986 is amended by striking
4 “loans under part D of such title” and inserting
5 “covered loans (as defined in section 455(d)(8)
6 of such Act)”

7 (B) Section 6103(l)(13)(E)(i) of the Inter-
8 nal Revenue Code of 1986 (as redesignated by
9 paragraph (1)) is amended by striking “and
10 (C)” and inserting “(C), and (D)”.

11 (C) Subparagraphs (F) and (G) of section
12 6103(l)(13) of the Internal Revenue Code of
13 1986 (as redesignated by paragraph (1)) are
14 each amended by striking “or (C)” and insert-
15 ing “(C), or (D)”.

16 (c) EFFECTIVE DATE; APPLICATION.—

17 (1) AUTOMATIC ENROLLMENT.—The amend-
18 ments made by paragraphs (1), (2), (3), and (5) of
19 subsection (a) shall—

20 (A) apply to all borrowers of covered loans
21 (as defined in section 455(d)(8) of the Higher
22 Education Act of 1965, as added by subsection
23 (a)); and

24 (B) take effect on July 1, 2024, and shall
25 apply with respect to award year 2024–2025

1 and each subsequent award year, as determined
2 under the Higher Education Act of 1965.

3 (2) CHANGING PLANS.—The amendment made
4 by subsection (a)(4) shall take effect on the date of
5 enactment of this Act.

6 (3) DISCLOSURE.—The amendments made by
7 subsection (b) shall apply to disclosures after the
8 date of enactment of this Act.